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Bar on ex-MD of FAS Finance from leaving country

AKM ZAMIR UDDIN

The immigration police of Bangladesh Police has imposed an embargo on Pritish Kumar Sarker, a former managing director of the FAS Finance and Investment, from leaving Bangladesh over his alleged involvement in financial scams.

The immigration police took the decision after the FAS sent a letter to it on September 12, mentioning that "a financial scam of a huge amount occurred at the lender where PK Halder and associates were directly involved".

The FAS in the letter said the A Wahab & Company, a chartered accountant firm, had found the involvement of Sarker in the financial irregularities.

A senior official of the immigration police, on condition of anonymity, confirmed to The Daily Star of the imposition of the embargo.

Contacted, AF Shabbir Ahmed, acting managing director of the FAS, said

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REASONS FOR LOW EXPORT

- Long dry spell in Europe affected demand
- Russia-Ukraine war fuelled inflation in export destinations
- Big clothing brands closed outlets in Russia, which is a major market
- Global retailers placed fewer work orders for next season

BY THE NUMBERS

- Bangladesh exported garment items worth \$42.61b last fiscal year
- Sweater shipment was worth \$5.64b last fiscal year
- Local spinners supply 80pc raw materials for sweater manufacturing
- Bangladesh aims to grab 10pc share of global apparel market by 2025

Beef up project execution

ADB urges govt

STAR BUSINESS REPORT

The Asian Development Bank (ADB) yesterday urged Bangladesh to double its efforts in enhancing project implementation so that potential benefits of any development can come early.

The call came at a tripartite portfolio review meeting (TPRM) among officials of the ADB, finance ministry and line ministries at the Bangabandhu International Conference Center in Dhaka, according to a press release.

Sharifa Khan, secretary of the Economic Relations Division, and Edimon Ginting, the ADB's country director for Bangladesh, co-chaired the TPRM plenary sessions.

The Manila based multilateral lender's sovereign portfolio in Bangladesh grew to \$11.3 billion as of August 2022.

In 2021, the ADB committed to projects worth \$2 billion in Bangladesh. Of that amount, \$2,569 million was disbursed, which is the highest among the multilateral lender's

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Sweater exporters in hot water

Shipment to Europe slows for dry spell, high inflation

REFAYET ULLAH MIRDHA

Sweater suppliers in Bangladesh are witnessing relatively a dull season because of a longer-than-usual dry spell in European countries and the higher cost of living fueled by the Russian-Ukraine war.

Owing to climate change, some parts of the continent, home to more than 60 per cent of garments exported from Bangladesh, are even witnessing up to 30 degrees Celsius of temperature even in September, which is unusual since summer comes to an end after June in Europe.

A sweater is a winter clothing item: if winter is colder, demand for thick sweater goes up whereas when it is milder, lighter sweater sees higher sales.

But two thirds of Europe were under some sort of drought warning, in what is likely the worst such event in 500 years, reported BBC in late August, citing a report from the Global Drought Observatory, which is a part of the European Commission's research wing.

Italy, Spain, Portugal, France, Germany, the Netherlands, Belgium, Luxembourg, and

the United Kingdom were under increasingly hazardous conditions.

Another factor is higher inflation.

Inflation in the eurozone hit 9.1 per cent in August, up from 8.9 per cent in July, squeezing the

said Shahidul Islam, managing director of Rupa Group, a major sweater exporter.

For instance, a major European sweater sourcing company, which buys nearly \$2 billion worth of the item from Bangladesh a year, has put on hold securing finished

Bangladesh. And the war, which began in February this year, has affected the shipment severely.

Md Rezwana Selim, managing director of Softex Sweater, another sweater supplier, confirmed receiving fewer orders from international buyers since November.

"This is unusual for my factory," he said.

Although the entrepreneur expresses his hope that the situation would improve a lot from January, none knows how long the war in Ukraine would continue.

Owing to the war, the continent has been facing a serious energy crisis as Russia has largely suspended the supplies of cheap natural gas and the situation could even lead to rolling blackouts, shuttered factories and a deep recession. Russia used to supply 40 per cent of Europe's natural gas.

The longer summer in Europe and the heat waves that prevailed in most of the continent till the end of August did not have a direct impact on sweater exports by Dragon Sweater & Spinning.

"However, some customers have made delays in taking the

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buying capacity of the common people.

As a result, clothing retailers and brands in Europe are either delaying placing new work orders in Bangladesh or have placed fewer orders since sales have slowed.

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Russia is a major sweater export destination for



Demand for garment items made in Bangladesh is increasing among Asian consumers, whose buying capacity is on the rise. PHOTO: STAR

Garment export to Japan rises 26pc in Jul-Aug

STAR BUSINESS REPORT

Riding on strong demand for apparel items made in Bangladesh, the shipment of garments to Japan, a promising Asian export destination, rose 25.81 per cent year-on-year to \$217.53 million in July-August.

The receipts in the first two months of the previous fiscal year were \$172.91 million, according to data from the Export Promotion Bureau (EPB) compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Japan is the only country in Asia where Bangladesh's shipment of garment items crossed \$1-billion mark a lot earlier whereas many other promising nations such as India, Russia and China have not lived up to the expectations of local suppliers.

Revenue in Japan's apparel market is estimated to be \$75.91 billion in 2022, said German market and consumer data provider Statista.

China and India have an apparel market of \$287 billion and \$88 billion this year.

Garment manufacturers are banking on Asia as they look to grab more share of the global apparel market. Demand for the items made in Bangladesh is increasing among Asian consumers, whose buying capacity is on the rise.

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Businesses can do foreign trade using yuan: BB

STAR BUSINESS REPORT

Bangladesh Bank yesterday said Bangladeshi banks would be able to maintain accounts in Chinese yuan or renminbi with their corresponding lenders or branches abroad so as to help local businesses settle transactions for foreign trade using the currency.

A Bangladesh Bank official said the government had declared the Chinese yuan or renminbi as a convertible currency in March 2014 by issuing a gadget notification.

But many banks were still shying away from settling transactions of foreign trade through the currency, said the official.

Against his backdrop, the central bank has issued the notice so that banks can lay emphasis on the issue, he said.

Local businesses have recently urged the central bank to take measures so that dependency on the US dollar can be reduced

On top of that, local businesses have recently urged the central bank to take measures so that dependency on the US dollar can be reduced when settling transactions for foreign trade.

For this reason, the BB has reminded the banks about the matter.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said foreign trade would gain diversity if both businesses and banks come forward to use different currencies.

Such types of moves will also reduce the substantial dependency on a single foreign currency while opening and settling letters of credit, he said.

The country's foreign exchange market has been facing volatility soon after the inception of the Russia-Ukraine war.

Many banks are now facing a crisis of dollars due to the price hike of commodities in the global market amid global supply chain disruptions.

The country's foreign exchange reserves plummeted to less than \$38 billion last week due to rising import payments whereas it was over \$46 billion a year ago.

As per the government notification, the local businesses are allowed to settle their foreign trade by using eight foreign currencies, which are the US dollar, Canadian dollar, Australian dollar, Singapore dollar, euro, Great Britain pound, Swiss franc and Chinese yuan or renminbi.

Virtual currencies not allowed BB reiterates

STAR BUSINESS REPORT

Bangladesh Bank yesterday reiterated that it does not allow holding or trading of any kind of virtual coin or cryptocurrency in the country.

It has asked all to refrain from trading any kind of virtual currency as the definition of "currency" provided by the Foreign Exchange Regulation Act, 1947 does not recognise virtual currencies.

Virtual currencies, a subset of virtual assets, are not approved by the central bank for the settlement of any type of foreign exchange transaction or for investment as per the act, according to a BB notice. Virtual currencies or virtual assets have no financial claim embedded and neither issued by any sovereign nor guaranteed by any jurisdiction.

Thus, their value is highly volatile and associated with high financial risks.

The BB in the notice said borderless transactions of unregulated virtual currencies were growing fast and being exchanged with some other foreign currencies.

Treating virtual currency as an alternative form for foreign exchange transactions was a contravention of the act.

STOCKS	
DSEX ▲	CASPI ▲
0.42% 6,515.01	0.38% 19,141.02

COMMODITIES	
Gold ▼	Oil ▼
\$1,684.17 (per ounce)	\$86.86 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.68% 59,934.01	▲ 0.21% 27,875.91	▲ 0.31% 3,267.98	▼ 1.16% 3,199.92

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